

ILLINOIS DEPARTMENT OF REVENUE
1500 South Ninth Street
Springfield, Illinois 627908

INFORMATIONAL BULLETIN FY82-2

TO: All Corporate Income and Replacement Tax Accounts

SUBJECT: Combined Method of Apportionment for a Unitary Business

In accordance with the Illinois Supreme Court's decision in CATERPILLAR TRACTOR COMPANY ET AL V. LENCKOS, persons conducting a unitary business in Illinois are required to use the combined method of apportionment to determine Illinois income tax liability. The Court's decision was issued on February 20, 1981 and is effective for all years not yet past the applicable statutory limitation periods.

Since not all Illinois corporations are conducting a unitary business, some entities receiving this package will not be affected.

A unitary business for Illinois tax purposes is one in which two or more corporations (at least one of which is doing some business outside of Illinois) are so closely related by ownership, interdependence and common objectives, etc. that to treat them as separate entities cannot be justified. For further detail and examples of a unitary group, refer to the instructions for Schedule UB, Part I and Reg. Sections 300-2 and 304-1 through 304-5 (Revised July, 1981). If after reading these instructions it is determined that you are a member of a unitary group, then one member of the group must attach a completed copy of Schedule UB to its IL-1120. All other members of the group must indicate on their Forms IL-1120, the name and FEIN of the member who is attaching the Schedule UB to its Form IL-1120.

Nothing in this package authorizes the filing of a consolidate Illinois return. Each corporation subject to Illinois income and replacement tax must file its own separate return.

If you have already filed your IL-1120 for this year or any prior year still open under Illinois statutes, and you have determined that you are conducting a unitary business, you should file an IL-1120-X for all such years. Form IL-1120-X may be obtained at any Illinois Department of Revenue Office or by writing P.O. Box 3545, Springfield, Illinois 62708.

If you have any questions regarding the combined method of apportionment, please call the toll free Taxpayer Information Service at (800) 252-8972. In Cook County, call (312) 641-2150.

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